

52:18A-191.1

LEGISLATIVE HISTORY CHECKLIST  
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(Office of Leasing)

NJSA: 52:18A-191.1

LAWS OF: 1992 CHAPTER: 130

BILL NO: S1225

SPONSOR(S) DiFrancesco and Gormley

DATE INTRODUCED: October 5, 1992

COMMITTEE: ASSEMBLY: ---  
SENATE: Judiciary

AMENDED DURING PASSAGE: Yes Amendments during passage denoted by asterisks

DATE OF PASSAGE: ASSEMBLY: October 15, 1992  
SENATE: October 15, 1992

DATE OF APPROVAL: October 26, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: No  
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: Yes

HEARINGS: No

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Ref. See newspaper clippings--attached:  
974.90 New Jersey. Office of the State Auditor.  
A912 Performance review leasing operations.  
V.3281 June 15, 1992. Trenton, 1992.

KBG:pp

[FIRST REPRINT]

SENATE, No. 1225

STATE OF NEW JERSEY

INTRODUCED OCTOBER 5, 1992

By Senators DiFRANCESCO and GORMLEY

1 AN ACT concerning State leasing operations, amending P.L.1944,  
2 c.112 and P.L.1981, c.120, and supplementing Title 52 of the  
3 Revised Statutes.

4

5 BE IT ENACTED *by the Senate and General Assembly of the*  
6 *State of New Jersey:*

7 1. (New section) The Legislature finds and declares that:

8 a. the State's space leasing program is a \$200 million program  
9 and should be conducted in an efficient and economical manner;

10 b. there is no effective control over leasing operations and this  
11 has led to an overly expensive program;

12 c. the State lacks a competitive bidding process in its leasing  
13 operations and lacks a master plan to assess current and future  
14 facility needs; and

15 d. there is a lack of appropriate oversight procedures of State  
16 leasing operations.

17 2. (New section) As used in this act:

18 "Committee" means the State Leasing and Space Utilization  
19 Committee.

20 "Office" means the Office of Leasing Operations in the  
21 General Services Administration of the<sup>1</sup> Department of the  
22 Treasury.

23 "State agency" means any department, division, office, board,  
24 commission, council, or bureau in the Executive branch of State  
25 government.

26 3. (New section) There is established the Office of Leasing  
27 Operations in the General Services Administration of the<sup>1</sup>  
28 Department of the Treasury. The office shall be under the  
29 supervision of <sup>1</sup>[a director] the Administrator of the General  
30 Services Administration or his designee<sup>1</sup>. Notwithstanding any  
31 provision of law to the contrary, the office is empowered and  
32 directed to:

33 a. approve or disapprove all State agency space planning  
34 requests;

35 b. negotiate leases for all State agencies <sup>1</sup>and determine  
36 requirements for construction or renovation including costs<sup>1</sup>;

37 c. <sup>1</sup>[advertise for bids for lease agreements and prepare  
38 written evaluations comparing them] solicit competitive  
39 proposals for lease agreements and prepare written evaluations  
40 and recommendations<sup>1</sup>;

41 d. establish reporting requirements to be followed by State  
42 agencies;

43 e. arrange for <sup>\*</sup>renovations of leased space;

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:  
<sup>1</sup> Senate SJU committee amendments adopted October 8, 1992.

- 1 f. implement the privatization pilot program established by  
2 the State Leasing and Space Utilization Committee; and
- 3 g. develop, within one year after the effective date of this  
4 act, a comprehensive space utilization plan which shall be  
5 updated every two years. The plan shall include a survey of  
6 current and future State space needs and specify the extent to  
7 which the leasing program should be used to support urban  
8 renewal.
- 9 4. (New section) There is established a three-member State  
10 Leasing and Space Utilization Committee. The committee shall  
11 consist of the President of the Senate, the Speaker of the General  
12 Assembly and the State Treasurer, or their respective designees.  
13 The committee shall annually select a chairman from among its  
14 members. No motion to take any action by the committee shall  
15 be valid except upon the affirmative vote of all of the authorized  
16 membership of the committee. It shall be the duty of the  
17 committee to:
- 18 a. approve or disapprove all leases negotiated by the Office of  
19 Leasing Operations;
- 20 b. approve or disapprove the space utilization plan developed  
21 and updated by the Office of Leasing Operations pursuant to  
22 P.L. , c. (C. ) (now pending before the Legislature as this  
23 bill); and
- 24 c. establish a privatization pilot program in which the Office  
25 of Leasing Operations shall contract with private business  
26 entities to assist it in carrying out its leasing functions. This  
27 pilot program may include the use of commercial real estate  
28 companies, selected by competitive bidding, to assist the office  
29 in selecting sites and negotiating leases.
- 30 5. (New section) No lease agreement negotiated by the Office  
31 of Leasing Operations shall be <sup>1</sup>[executed] valid<sup>1</sup> without the  
32 prior written approval of the State Leasing and Space Utilization  
33 Committee. The office shall submit to the committee prior to its  
34 consideration of a lease agreement:
- 35 a. the approved State agency space planning request;
- 36 b. a statement setting forth the terms and conditions of the  
37 lease agreement;
- 38 c. a statement setting forth the cost of the leased space,  
39 including the cost of rent, taxes, renovations and other costs  
40 involved in the lease agreement;
- 41 d. a statement from the Attorney General that the lease  
42 agreement is not in conflict with any applicable State or federal  
43 law or regulation;
- 44 e. a statement certifying that on the basis of a comparison of  
45 costs and an analysis of financing, the lease agreement is <sup>1</sup>[more  
46 cost effective than ownership] cost effective and in compliance  
47 with the space utilization master plan<sup>1</sup>;
- 48 f. a statement certifying that the office advertised for bids  
49 for lease agreements and that the lease agreement under  
50 consideration is the most cost effective; and
- 51 g. a statement from the Director of the Division of Budget and  
52 Accounting in the Department of the Treasury certifying that  
53 funds have been appropriated to the Office of Leasing Operations  
54 to cover all costs associated with the lease, including the cost of

1 renovations, for the fiscal year.

2 6. (New section) The Office of Leasing Operations shall make  
3 periodic site visits to leased property to ensure that State  
4 agencies are properly using leased space. If the office finds that  
5 the space is being improperly used by a State agency, it shall  
6 report its findings to the State Leasing and Space Utilization  
7 Committee.

8 7. (New section) The Office of Leasing Operations shall  
9 provide to the Legislative Budget and Finance Officer such  
10 information concerning leasing operations which the Legislative  
11 Budget and Finance Officer may request.

12 8. (New section) The <sup>1</sup>[Director of the Office of Leasing  
13 Operations] Administrator of the General Services  
14 Administration<sup>1</sup> may adopt, pursuant to the "Administrative  
15 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules  
16 and regulations as may be necessary to implement the provisions  
17 of this act.

18 9. (New section) The <sup>1</sup>[Office of Leasing Operations] General  
19 Services Administration<sup>1</sup> and the State Leasing and Space  
20 Utilization Committee are entitled to call to their assistance and  
21 avail themselves of the services of employees of any State,  
22 county or municipal department, board, bureau, commission or  
23 agency as they may require and as may be available to them for  
24 their purposes <sup>1</sup>under this act<sup>1</sup>. All State agencies are  
25 authorized and directed to cooperate with the office and the  
26 committee.

27 10. (New section) All funds appropriated to the Department of  
28 the Treasury for the purpose of the Office of Leasing Operations  
29 are continued.

30 11. Section 12 of P.L.1944, c.112 (C.52:27B-64) is amended to  
31 read as follows:

32 12. The powers and duties vested in the State House  
33 Commission by sections 52:20-7, 52:20-13, 52:20-14, 52:20-20  
34 and 52:20-25 of the Revised Statutes are hereby transferred to  
35 the <sup>1</sup>[Division of Purchase and Property and to the director]  
36 General Services Administration and the administrator<sup>1</sup> thereof.

37 The <sup>1</sup>[director] administrator<sup>1</sup>, with the commissioner's  
38 approval, shall to every practicable extent arrange, and from  
39 time to time rearrange, the office space assigned to the various  
40 departments and other agencies of the State Government in a  
41 manner to provide for the most efficient conduct of the business  
42 of such departments and agencies. The leasing of office space  
43 shall be done in accordance with the provisions of P.L. , c.  
44 (C. ) (now pending before the Legislature as this bill).  
45 (cf: P.L.1944, c.112, s.12)

46 12. Section 22 of P.L.1981, c.120 (C.52:18A-78.22) is amended  
47 to read as follows:

48 22. All State agencies may purchase, lease, rent, sublease or  
49 otherwise acquire any project or any space embraced in any  
50 project and pay such amount as may be agreed upon between the  
51 State agency and the authority or a person, firm, partnership or  
52 corporation as the purchase price, rent or other charge therefor,  
53 except that all leases shall be subject to the approval of the State  
54 Leasing and Space Utilization Committee established pursuant to

1 P.L. , c. (C. ) (now pending before the Legislature as this  
2 bill). Any agreement entered into by any State agency with the  
3 authority or a person, firm, partnership or corporation pursuant  
4 to the aforesaid authorization, shall expressly provide that the  
5 incurrence of any liabilities by the agency under the agreement,  
6 including, without limitation, the payment of any and all rentals  
7 or other amounts required to be paid by the agency thereunder,  
8 shall be subject to and dependent upon appropriations being made  
9 from time to time by the Legislature for that purpose and upon  
10 the approval of the lease agreement by the [presiding officers of  
11 both houses of the Legislature or by such other officers of both  
12 houses as may be provided by law] State Leasing and Space  
13 Utilization Committee.

14 (cf: P.L.1983, c.138, s.10)

15 13. This act shall take effect on the 90th day after enactment,  
16 but the State Treasurer, the President of the Senate and the  
17 Speaker of the General Assembly may take actions in advance to  
18 effectuate the purposes of this act.

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23 Establishes the Office of Leasing Operations and the State  
24 Leasing and Space Utilization Committee.

1 both houses of the Legislature or by such other officers of both  
2 houses as may be provided by law] State Leasing and Space  
3 Utilization Committee.

4 (cf: P.L.1983, c.138, s.10)

5 13. This act shall take effect on the 90th day after enactment,  
6 but the State Treasurer, the President of the Senate and the  
7 Speaker of the General Assembly may take actions in advance to  
8 effectuate the purposes of this act.

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#### STATEMENT

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13 The purpose of this bill is provide that the State's space  
14 leasing program is conducted in an efficient and economical  
15 manner. It is based on recommendations contained in the State  
16 Auditor's performance review of the State's leasing program and  
17 also contains an additional feature, the privatization pilot  
18 program, which is intended to expand the role of the private  
19 sector and provide for a more cost-effective leasing program.

20 The Office of Leasing Operations is statutorily established in  
21 the Department of the Treasury and is empowered and directed  
22 to:

23 a. approve or disapprove all State agency space planning  
24 requests;

25 b. negotiate leases for all State agencies;

26 c. advertise for bids for lease agreements and prepare written  
27 evaluations comparing them;

28 d. establish reporting requirements to be followed by State  
29 agencies;

30 e. arrange for renovations of leased space;

31 f. implement the privatization pilot program established by  
32 the State Leasing and Space Utilization Committee; and

33 g. develop, within one year after the effective date of this  
34 act, a comprehensive space utilization plan which shall be  
35 updated every two years. The plan shall include a survey of  
36 current and future State space needs and specify the extent to  
37 which the leasing program should be used to support urban  
38 renewal.

39 The bill also establishes a three-member State Leasing and  
40 Space Utilization Committee. The committee shall consist of the  
41 President of the Senate, the Speaker of the General Assembly and  
42 the State Treasurer, or their respective designees. The  
43 committee shall annually select a chairman from among its  
44 members. No motion to take any action by the committee shall  
45 be valid except upon the affirmative vote of all of the authorized  
46 membership of the committee. It shall be the duty of the  
47 committee to:

48 a. approve or disapprove all leases negotiated by the Office of  
49 Leasing Operations;

50 b. approve or disapprove the space utilization plan developed  
51 and updated by the office; and

52 c. establish a privatization pilot program in which the Office  
53 of Leasing Operations shall contract with private business  
54 entities to assist it in carrying out its leasing functions. This

1 pilot program may include the use of commercial real estate  
2 companies, selected by competitive bidding, to assist the office  
3 in selecting sites and negotiating leases.

4 No lease agreement negotiated by the Office of Leasing  
5 Operations shall be executed without the prior written approval  
6 of the State Leasing and Space Utilization Committee. The  
7 office shall submit to the committee prior to its consideration of  
8 a lease agreement:

9 a. the approved State agency space planning request;

10 b. a statement setting forth the terms and conditions of the  
11 lease agreement;

12 c. a statement setting forth the cost of the leased space,  
13 including the cost of rent, taxes, renovations and other costs  
14 involved in the lease agreement;

15 d. a statement from the Attorney General that the lease  
16 agreement is not in conflict with any applicable State or federal  
17 law or regulation;

18 e. a statement certifying that on the basis of a comparison of  
19 costs and an analysis of financing, the lease agreement is more  
20 cost effective than ownership;

21 f. a statement certifying that the office advertised for bids  
22 for lease agreements and that the lease agreement under  
23 consideration is the most cost effective; and

24 g. a statement from the Director of the Division of Budget and  
25 Accounting in the Department of the Treasury certifying that  
26 funds have been appropriated to the Office of Leasing Operations  
27 to cover all costs associated with the lease, including the cost of  
28 renovations, for the fiscal year.

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33 Establishes the Office of Leasing Operations and the State  
34 Leasing and Space Utilization Committee.

SENATE JUDICIARY COMMITTEE

STATEMENT TO

SENATE, No. 1225

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 8, 1992

The Senate Judiciary Committee reports favorably and with committee amendments Senate Bill No. 1225.

The purpose of this bill is to insure that the State's space leasing program be conducted in an efficient and economical manner. The bill is based on recommendations contained in the State Auditor's performance review of the State's leasing program. The bill contains an additional feature, the privatization pilot program, which is intended to expand the role of the private sector and provide for a more cost-effective leasing program.

The Office of Leasing Operations is statutorily established in the Department of the Treasury and is empowered and directed to:

- a. approve or disapprove all State agency space planning requests;
- b. negotiate leases for all State agencies;
- c. solicit competitive proposals for lease agreements and prepare written evaluations comparing them;
- d. establish reporting requirements to be followed by State agencies;
- e. arrange for renovations of leased space;
- f. implement the privatization pilot program established by the State Leasing and Space Utilization Committee; and
- g. develop, within one year after the effective date of this act, a comprehensive space utilization plan which shall be updated every two years. The plan shall include a survey of current and future State space needs and specify the extent to which the leasing program should be used to support urban renewal.

The bill also establishes a three-member State Leasing and Space Utilization Committee. The committee shall consist of the President of the Senate, the Speaker of the General Assembly and the State Treasurer, or their respective designees. The committee shall annually select a chairman from among its members. No motion to take any action by the committee shall be valid except upon the affirmative vote of all of the authorized membership of the committee. It shall be the duty of the committee to:

- a. approve or disapprove all leases negotiated by the Office of Leasing Operations;
- b. approve or disapprove the space utilization plan developed and updated by the office; and
- c. establish a privatization pilot program in which the Office of Leasing Operations shall contract with private business entities to assist it in carrying out its leasing functions. This pilot program may include the use of commercial real estate companies, selected by competitive bidding, to assist the office in selecting sites and negotiating leases.



No lease agreement negotiated by the Office of Leasing Operations shall be executed without the prior written approval of the State Leasing and Space Utilization Committee. The office shall submit to the committee prior to its consideration of a lease agreement:

- a. the approved State agency space planning request;
- b. a statement setting forth the terms and conditions of the lease agreement;
- c. a statement setting forth the cost of the leased space, including the cost of rent, taxes, renovations and other costs involved in the lease agreement;
- d. a statement from the Attorney General that the lease agreement is not in conflict with any applicable State or federal law or regulation;
- e. a statement certifying that on the basis of a comparison of costs and an analysis of financing, the lease agreement is more cost effective than ownership;
- f. a statement certifying that the office advertised for bids for lease agreements and that the lease agreement under consideration is the most cost effective; and
- g. a statement from the Department of the Treasury certifying that funds have been appropriated to the Office of Leasing Operations to cover all costs associated with the lease, including the cost of renovations, for the fiscal year.

The amendments adopted by the committee designate the Administrator of the General Services Administration as the official responsible for the Office of Leasing Operations. The amendments also deleted language indicating that the Office of Leasing Operations was to advertise for bids for lease agreements. Language providing that the Office of Leasing Operations is responsible for soliciting lease proposals was substituted.

This bill is identical to Assembly Bill No. 150.

**EXECUTIVE ORDER****(a)**

**OFFICE OF THE GOVERNOR**  
**Governor Jim Florio**  
**Executive Order No. 65(1992)**

**Implementation of Proposals in Report on State Leasing**

Issued: October 5, 1992.  
 Effective: October 5, 1992.  
 Expiration: Indefinite.

WHEREAS, it is the policy of the State of New Jersey to operate government in the most efficient manner possible, and at the lowest possible cost to the taxpayers; and

WHEREAS, the government of the State of New Jersey currently occupies approximately 7.5 million square feet of rented space; and

WHEREAS, the Legislature has appropriated nearly \$178 million to pay for State leases in Fiscal Year 1993; and

WHEREAS, the State leasing program would be enhanced and improved by changes in the process of acquiring space for State employees; and

WHEREAS, Chief Counsel M. Robert DeCotiis and State Treasurer Sam Crane have submitted a report setting forth various findings and proposals regarding State leasing;

NOW, THEREFORE, I, JAMES J. FLORIO, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and Statutes of this State, do hereby DECLARE, ORDER, and DIRECT as follows:

1. I hereby direct the Administrator of the General Services Administration in the Department of Treasury forthwith to implement the proposals set forth in the Report on State Leasing prepared by the Office of Management and Budget.

2. I further direct the Administrator of the General Services Administration to determine which of these proposals, if any, require the enactment of legislation, and to so indicate to me by October 30, 1992.

3. More particularly, I hereby direct:

a. That, consistent with the recommendations in the Report on State Leasing, a Space Management and Planning Board be formed for the purpose of implementing State policy with respect to acquiring and managing office space and resolving impasses regarding office space. The Board shall be organized within the Department of Treasury, and shall be comprised of the State Treasurer who shall serve as the Chairperson, the Director of Budget and Accounting, the Administrator of the General Services Administration, the Executive Director of the State Building Authority, and an employee of a State department or agency designated by the State Treasurer who has expertise in State leasing.

b. As soon as practicable, the Office of Leasing Operations shall prepare a Master Plan setting forth a comprehensive description of all leased facilities currently occupied by State employees. In addition, the

Master Plan shall set forth specific recommendations for reducing the overall cost of State space, with particular concern given to the potential for purchasing existing property or building new facilities. These recommendations shall be consistent with the State's policy of consolidating space in urban areas, and with the policy of providing space that is safe and appropriate for State employees.

c. The Administrator of the General Services Administration shall immediately adopt a procedure for submitting lease proposals to a modified competitive process, as described in the Report on State Leasing. This process should incorporate public solicitation of bids where appropriate, and the awarding of leases on the basis of objective criteria promulgated by the Office of Leasing Operations in cooperation with the Space Management and Planning Board.

d. I hereby direct the State Treasurer to conduct a pilot privatization program, in which the State shall contract on an experimental basis with private business entities to assist the State in carrying out its leasing obligations. In particular, this program may include the use of commercial real estate companies selected through a competitive process to assist the State in selecting sites and negotiating leases.

e. The Office of Leasing Operations shall improve its procedures for monitoring leased space. In particular, the Administrator of the General Services Administration, in cooperation with the Space Planning and Management Board, shall promulgate stricter monitoring guidelines, as indicated in the Report on State Leasing.

f. In addition, the Department of Treasury shall devise a system of incentives to induce agencies to submit accurate and reliable space requests, as indicated in the Report on State Leasing.

g. The Department of Treasury shall explore with the Legislature a process that would provide for the automatic approval of a lease when the Legislature fails to act upon a lease request within a specified period of time after it receives that request.

h. I further direct the Office of Leasing Operations to strengthen its disclosure requirements, consistent with the recommendations in the Report on State Leasing.

i. I further direct the Department of Treasury to prepare a comprehensive proposal for improving the computer systems currently used in support of State leasing.

j. The Treasurer shall take all necessary and proper actions for implementing the proposals set forth in this Executive Order, as well as the other proposals submitted to me in the Report on State Leasing. The Treasurer shall provide me with a status report on or before December 15, 1992, indicating which of the proposals have been implemented, and, if any have not, what problems may exist and the proposals for resolution. On or before March 15, 1993, the Treasurer shall again provide me with a status report indicating which proposals have been implemented and, if any have not, what problems exist and what the proposals are for resolution. Thereafter, the Treasurer shall report to me on or before the 15th day of every month on the progress in implementing this Order and the proposals set forth in the Report.

4. This Order shall take effect immediately.